



**U.S. Department of Justice**

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**For Immediate Release:**

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**EVENT: Guilty Verdict**

**Defendant: Kenneth Heath**

**SHELBY TOWNSHIP MAN CONVICTED  
ON TAX EVASION CHARGES**

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A 69-year-old Shelby Township man was found guilty today by a federal jury in Detroit of four counts of tax evasion and one count of attempting to pass a fictitious financial instrument, United States Attorney Stephen J. Murphy announced today.

Murphy was joined in the announcement by IRS Special Agent in Charge Maurice Aouate.

Found guilty was Kenneth Heath, a self-proclaimed follower of nationally-known convicted tax protester Irwin Schiff. Heath was convicted of avoiding the payment of more than \$37,000 after failing to file tax returns or pay any taxes in 1999, 2000, 2001 and 2002.

The jury deliberated for less than three hours before returning the verdict, concluding a three-day trial before United States District Judge George Caram Steeh.

During the trial, Heath testified that after reading a book by Schiff, who was sent to

prison earlier this year after his fourth tax evasion conviction, called “The Federal Mafia” he became convinced that he did not have a legal obligation to pay federal income taxes.

The evidence at trial showed that Heath filed W-4 forms with his employers claiming he was “exempt” from having to pay federal income taxes so that no withholding taxes were taken out of his paychecks.

In addition to his conviction on four counts of felony tax evasion, Heath was also convicted of the fictitious instruments charge after he admitted sending a realistic-looking “Registered Bill of Exchange” to the IRS for \$88,000 in hopes the agency would wipe out his tax debt. An expert witness for the government testified at trial that there is no such thing as a “Registered Bill of Exchange.”

“Those who choose to follow the tax protester movement and its long-refuted claims that the federal income tax is voluntary, must realize that no one is exempt from paying taxes or following federal tax laws,” United States Attorney Murphy said. “This verdict should put tax protesters on notice that if you fail to pay your share you should expect to be prosecuted and punished.”

“The court’s have consistently and unanimously held that it is absolutely and completely wrong to attempt these frivolous tax arguments and drop out of the tax system. Those who continue to disregard the obvious – that everyone must pay their fair share of taxes – may face costly detours in their life”, stated SAC Aouate.

Murphy commended the two-year long investigation of special agents from the IRS Criminal Investigation Division.

Sentencing was scheduled for December 14, 2006. Heath faces a maximum sentence of five years imprisonment on the tax evasion charges and 10 years in prison on the passing fictitious financial instruments charge.

The case was prosecuted by Assistant U.S. Attorneys Sarah Resnick Cohen and James Mitzelfeld.